NEW JAPAN ON THE TRAIL OF BIG BUSINESS

A Community of Interests With the Brains and Capital of the Industrials of the United States Highly Desired —A Bridge to International Friendship

Cotton spinning in the olden way in Japan.

By JOSEPH I. C. CLARKE.

"THERE is a new Japan, the Japan of industry and commerce, pushing for success in manufacturing and marketing at first hand abroad." This sentence was that of Baron Taka-akira Kato, Foreign Minister of Japan, in the course of a long talk in his large parlor at the Foreign Office in Tokio. He is of imposing personality, speaks English perfectly, and is one of the most distinguished of Japanese diplomats. He was Foreign Minister as far back as 1888 and has been Minister to England, Member of Parliament and twice again Foreign Minister before taking up the Foreign Portfolio under Count Okuma, the present Prime Minister.

The Baron had been discussing Japanese relations with the United States, and making those renewed assurances of good will to our country which are the basic note in all such conversations. He had regretted that there was any troublesome question between us and trusted that a way would be found—that America would find a way—to treat Japanese subjects in all things on the level which her treaties called for, and to which in the scale of nations and the pitch of civilization they were surely entitled. He had said that self-interest in Japan called for the olden friendship with the United States, because in its advance it needed that fine friendship more than ever.

"What advance?" I had asked.

"There is a new Japan, the Japan of industry and commerce, pushing for success in manufacturing and marketing at first hand abroad," he answered.

In other words he said: Japan is going in for Big Business and needs peace and comity to work out her destiny.

And it is this sense of a new economic departure that I found among the most outstanding things in Japan. She has been arming herself in schools at home and abroad with the weapons of learning; she has been studying Western business technique at the busiest of the great cities, New York, Paris, London, Hamburg, Berlin, Vienna, Barcelona. You will find graduates of them all today in Tokio banks and business houses.

Alongside this she has had an army of students and workers learning the minor and higher secrets of manufacture on a large scale in iron and steel, cotton, wool, silk, pottery, tobacco, at the best seats of those industries all over the working world. She has set up mills, furnaces and factories of all kinds. She is building large steel ships, large engines and dynamos; in fact it is hard to recount the variety of big things industrial that she is at work upon, either in full operation or vigorously attempting.

Her main market, too, for these manufactured products is close at hand, namely China, India and to an extent, Siberia—a continent almost in themselves. For these new and large enterprises she has lacked sufficing capital, and where else should she look for it than in the country that paid her so many millions yearly for her raw silk, her rice, her green tea? And in these latter we have seen how strenuously she is trying to enlarge her output and better her qualities.

Here is ambition, clear and intelligible in its direction and intensity.

One remembers how recent is all this as the lives of nations go. It seems difficult to realize that up to sixty years back she was a self-declared hermit nation. A self-contained unit, practically without dealings in the outside world, what foreign commerce she had was carried in foreign bottoms and laid down at her doors. She was served, as it were, by great international pedlers who spread out their packs at Yokohama and Kobe. Now she is for making her own goods, raising or buying her raw materials and, pack on back, entering the race for trade.

She has been through the great grueling of foreign wars. She is going to take big business for her own. One may be a bit sceptical as to her complete mastery of all the moves on the business chess board: she confesses when pushed that she does not quite know it all, but, as Horace Greeley used to say of the resumption of specie payments after the civil war, "the way to resume is to resume," and she is striking out boldly. If her baggage is too light to furnish her with all the raiment necessary she can get what she needs en route.

Since my talk with Baron Kato the Big War has come upon the world. It was not in Japan's purview nor anybody's outside possibly the German Kaiser's; but her being drawn into it is unwelcome to her statesmen, although the extent to which it involves her be limited and the opportunity beyond be a great one. Her operations at Kiaochow should not strain her greatly, and their result will help her in greater measure by giving her a chance at taking some of the growing German trade in China to herself.

Parenthetically I may say that some will smile at my statement that Japan had no foreshadowing of the Big War. I find in my diary a rather long memorandum of a talk I had last May with Count Okuma, the Grand Old Man of Japan, at his spacious home in Tokio. We were discussing the contrast of riches and poverty in various countries. He was fearing that Japan's happy condition would be sadly modified in the great race for industrial wealth.

"Atop of that," said he, "we have to maintain a large army and navy to protect ourselves because stronger and richer nations of Europe and America are now increasing their armaments in spite of peace movements and humanitarianism. I do not know why, but Germany has decided to increase its already enormous army, and Russia has also recently decided to make provisions for bringing 5,000,000 men to the front in time of war. What is your idea in the United States of increasing your navy when you are so rich and strong already? If it is a burden on your rich people it is ten times worse for a people like Japan. However, I think the time is fast approaching when the civilized nations will stop this absurd competition."

Well, there was an answer to the count's conundrum fast approaching, which was anything but a peaceful one. The count, however, had unwittingly laid his finger on the point near the Rhine where the war initiative would lie.

To proceed. In my travels I had more than a peep at what Japan is doing in the way of promoting Big Business in a land of the smallest retail imaginable. A visit to the Imperial Government steel works at Wakamatsu, on the coast some eight miles from Moji in Kyiushu, was illuminated. Here was a great plant recalling the giant steel and iron plants of the old world, built up in the space of some thirty years from nothing. It is always well to remember that positive absence of big works at so recent a date. Its advance during its existence has been gradual

To-day the works cover 350 acres and employ 9,000 workmen. The town of Yawata, of 45,000 inhabitants, lives upon it. To connect its various shops, mills and docks, it has fifty-eight miles of narrow gauge railroad. The works are exteriorly imposing, and they conduct all the processes of iron and steel making from the ore to the finished product, making their own coke—750 tons a week—from their own coal, saving and working over the tar, gas, naphthaline and ammonia sulphate; making besides their own electricity from their own dynamos. The slag from their iron ore they make into bricks and architectural forms. They could build you a house or a factory of steel frame and slag bricks and forms without going outside their boundaries.

The structures include blast furnaces, open hearth, Bessemer and crucible steel furnaces, rolling mills, rail mills, bar mills, plate mills, sheet mill, galvanized sheet mill, wire rod and wire drawing mills, forging plant, foundries, pattern shops, electric power, lighting and so on. They drew a charge from a blast furnace for our benefit, the molten iron running into huge buckets to be drawn away by locomotives as soon as filled. Then a steel charge was drawn elsewhere running into ingots.

We tramped through rolling mills, plate mills, wire mills, all well equipped, all manned by Japanese all working at speed. It is surely a busy 350 acres. The most picturesque thing we saw was the brickmaking. Here the machine work was limited to the pug mill and grinding and mixing of the slag. The rest was hand labor done mostly by women.

The ratio of factory female labor to male throughout Japan is 65 to 35 per cent.—two to one. Here were 300 girls at work. They stood in a brick lined trench making the gray bricks by hand. It called for muscular power, but the girls—a good looking lot—worked with vim and without perceptible strain. They filled the wooden moulds, tamped them, smoothed top and bottom, took the wet bricks on their flat wooden knives and laid them on boards behind them, as if they were sugar coated cakes. Each girl makes 350 bricks daily. Youths carry away the bricks to dry. It was somehow a cheering sight. The women belonged to the workmen's families.

The yearly output of steel and iron product is considerable—some 90,000 tons of pig iron—but the institution has only lately come to working profitably. Skilled labor has been hard to obtain, but the natives learn quickly. The novelty of it may be guessed from the fact that only Government backing could have created the industry. There it is, however, efficient, growing and to grow.

On a different basis, and promising really great results, is the Hokaido Steel Works at Muroran, in which the great English firm of Armstrong & Vickers have taken half the capital of yen 15,000,000, the Mitsui family of Japan taking the other half. There big guns and arms are manufactured with a great variety of other steel products.

The iron sand from which the manufacture is largely conducted and the coal are both found on the island. The general lack of iron ore in Japan is a great drawback, but it is obtainable from China, the Imperial Wakamatsu Steel Works having a lease of the famous Taiya (magnetite iron) mines in China. Iron sand and iron pyrites abound, and with a certain admixture of iron ore the iron sand is workable.

On a still firmer foundation is the Kawasaki Dock Yard Company at Kobe, which has been a private enterprise from the beginning and now after forty years of existence is building types of the largest warships and merchantmen afloat in Japanese waters, paying dividends of 8 per cent. for the last five years and 6 per cent. on its debentures. It is not the largest shipbuilding interest in Japan the Mitsubiski at Nagasaki being perhaps somewhat larger, but it is the one I happened to visit, and that, I take it, is a good excuse for particularizing about it a bit

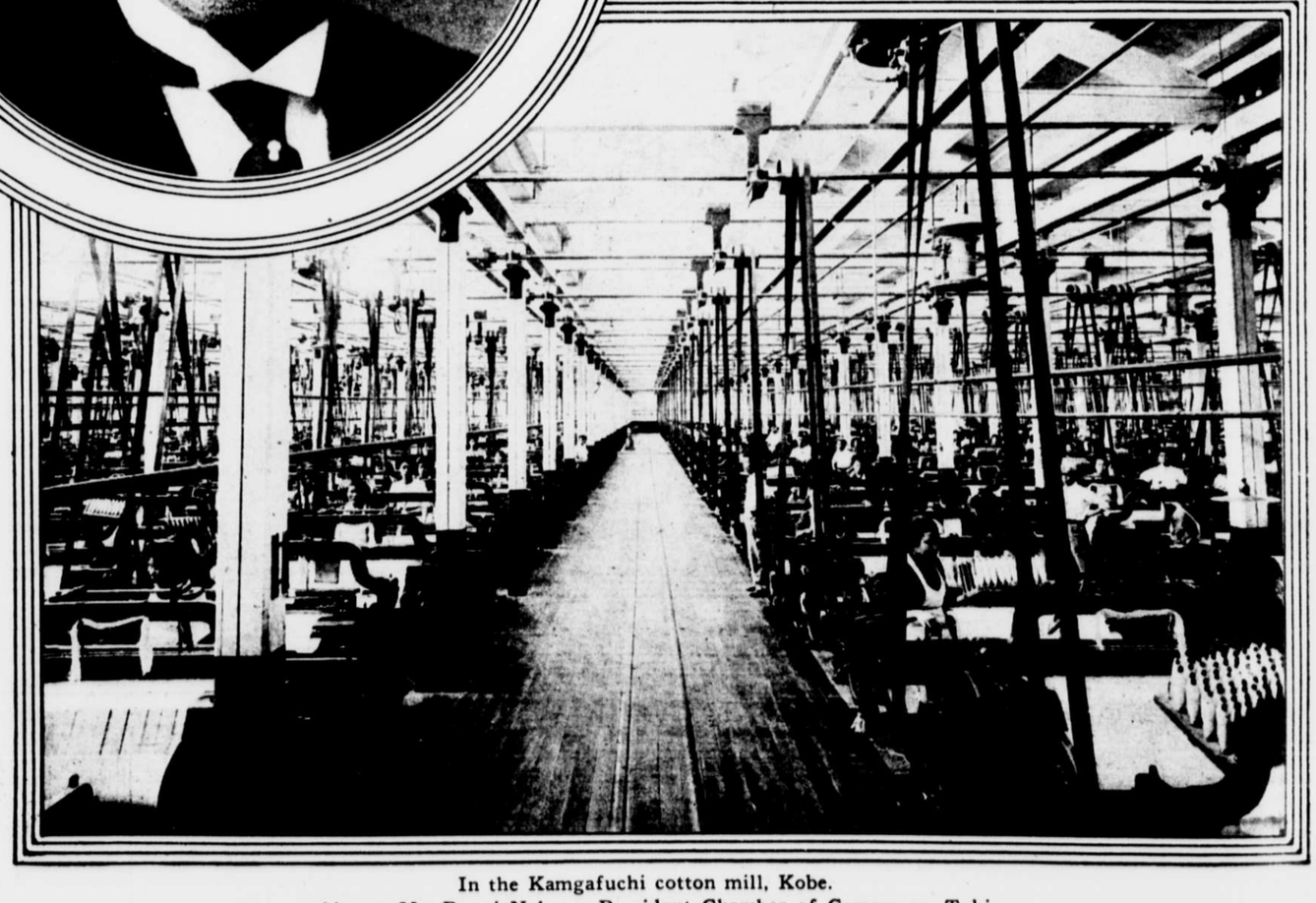
Its works cover 100 acres. It has existed under its present organization since 1896, and is a monument to the ability of its manager, Mr. K. Matsukata, as much as to anything else, and is remarkable not only for its steel ships but for its locomotive works, bridge and girder work as well Real progressiveness is the history of a few leading men in Japan as in America. Our steel industry is surely such: Carnegie, Frick, Schwab, Gary and a few others made it, as John D. Rockefeller, his brother William and his associates, John D. Archbold, H. M. Flagler and H. H. Rogers, made the petroleum business.

Mr. Motsakata is the third son of the marquis of that name, and he commands his army of 11,800 workmen with a skill, good nature and capacity for work that none of his Samurai ancestors could surpass in their narrower field of war. He looks all that he is, an intellectual, open minded, able bodied worker of middle age. Educated as a lawyer, he came to the dockyard twenty-two years ago, and most of the time since he has been at the head of the concern, having mastered all the details and studied all the developments of the business.

It was really a pleasure to have his company on our tour of the great shops with their scores of great overhead cranes of from two to 125 tons lifting capacity, their fine up to date tools whereby high tension or nickel plates 6 feet broad and 2 inches thick can be sheared with one stroke, steel plates 38 feet long and 2 inches thick can be planed at a stroke, or the same plate can be bent. And so of plate punching, straightening. So in boring, turning, riveting, flanging, drilling and what not.

It has five shipbuilding stocks to lay keels for vessels up to 35,000 tons, floating cranes up to 200 tons capacity, and all the accompaniments, electrical and other, of a great modern shipyard. Up to a few years ago it got no farther than gunboats and smaller merchantmen, but of late it has gone further. It has launched the Hurano, a battle cruiser of 27,000 tons, has on the stocks a superdreadnought of 30,000 tons and passenger and cargo steamers up to 12,000 tons.

We passed through some of the shops during the men's dinner hour, and it was a reminder of home to see the Japanese equivalent of the dinner can in the same lively action with work



In the Kamgafuchi cotton mill, Kobe.

Above—Mr. Buyei Nakano, President Chamber of Commerce, Tokio.

stimulated appetite. The manager takes a lively interest in his men. The company has a free night school attended by 1,500 of the men. They raise at once the wages of young men who pass examination in the technics of the business. They keep a force of young men studying abroad—a good thing, for the works as well as the students depend upon it. They pay a bonus practically on the profit sharing plan to their office force and chief employees. Here was a specimen of Yankee energy in an Oriental skin.

As the railroads of Japan are nationalized—that is, owned and run by the Government—they are outside the scope of this article. The mercantile marine is, however, in private hands, receiving, in its foreign-going bottoms, substantial governmental subsidy. The shipping interest of Japan is naturally a very large one, the tonnage for the most part being in small sailing and steam craft that run into the hundreds of thousands carrying on the fishing and short transportation on the coasts and between the hundreds of islands making up the empire. In the larger trade, however, four concerns stand out:

The Nippon Yusen Kaisha, of which Baron R. Kondo is the president, stands at the head with eighty large steamers and some 50,000 miles of service in coasting and foreign trade, having important runs on the European, American, Yangtse-kiang, Bombay, Australian and South American routes. It has paid 10 per cent. dividends for years past.

The Osaka Shosen Kaisha, of which T. Nakabashi is president, has over 100 steamers, mostly of moderate tonnage. It operates mostly in Asiatic home waters between Japanese ports and to Chinese, Formosan and Corean ports, with a service to Tacoma via Shanghai and Yokohoma. It is paying 8 per cent. dividends.

The Tayo Kisen Kaisha, of which S. Asano is president, is younger than the other two concerns named. It has run since 1896 a splendid fortnightly service between San Francisco and Yokohama via Honolulu, with calls at other Japanese and Chinese ports to Manila with steamers of 22,000 tons. I sailed to the Orient and returned on different steamers of this line, and can testify to the comfort and courtesy I experienced. The four large steamers on this route are the favorites for the valuable raw silk cargoes which are the apple of the eye of Japan's industries. Their chief officers are American, but one gets a pleasant foretaste of Oriental life in their Japanese crews and Chinese "boys." The company has a South American service also.

A fourth but in a way subsidiary organization is the Japan-China Steamship Company, in which the Yusen and Osaka Shosen, with two other Japanese companies, hold shares. It has a dozen steamers on the Yangtse inland route and pays 6 per cent. dividends.

Of the highest promise is the cotton spinning and weaving industry. It is only in the last ten years that Japan has taken up the spinning of finer yarns and weaving of finer fabrics. Before that time a widespread home industry and a coarse cloth factory industry supplied the home demand and exported to China, Corea and the South Seas, finer cloths being all imported. Now, however, thirty and more large cotton mills are making better and more uniform grades, operating 2,000,000 spindles and using about 1,000,000 bales of cotton. The industry is immensely profitable, earnings up to 30 per cent. being constantly reported.

Cheap and abundant female labor accounts for much of this. I paid a visit to the Kobe mills of the Kanegafuchi Spinning Company. It is a spacious place with many mills for spinning cotton yarns and threads and weaving varieties of cotton cloth. It employs 6,500 operatives, and the company, including its Tokio mills, has a total of 22,500 workers. The mills were all scrupulously clean and a fine sanitary and ventilating system is in force. The machinery is quite modern, and the shops are large and not crowded. System pervades everything, and the products, so far as I examined them, seemed of standard qualities.

The operatives ranged from young girls of 13 at lighter tasks and shorter hours to young women of 23 or 24. They have rooms in which to change their garments before entering the working part of the mills. No girl seemed to have more spindles to attend to than she could serve with ease, but the hours are long. In most mills work is practically continuous, a night force and a day force changing ranks at intervals. The company has large airy dormitories and vast spotless refectories. Indeed, there seemed no end of the Welfare work, all sorts of leagues for sick benefits, schools of many kinds, lectures, nurseries, recreation halls.

We went down to the beach, a quarter of a mile away, and saw a hundred or so of the younger girls splashing to their heart's content in the green sea water, having a fine time. The girls, it seems, do not work in the factories for more than three or four years. The pressure must be pretty great and the desire for a freer life becomes irresistible. No matter how well guarded they may be, no matter how much care may be taken of their health and their morals, they long to be "back on the farm." The supply does not, however, seem to fall off, as the workers generally go home with money saved, and a little goes a long way in rural Japan.

Pottery is another industry with a growing future, not the fine artistic things that collectors value, and which, despite all croakers to the contrary, will continue to be produced in Japan by a devoted few about as they were in the past. The models of Arnold Bennett's Five Towns will generally be followed. I visited small factories in Osaka, where one could well imagine the novelist's stodgy characters at work turning out their stint of product amid dusty, ill-kempt, surroundings—things for the common market done in a common way.

At Nagoya, on the other hand, I went through the large Morimura porcelain factory, where 2,500 hands are employed, who work from 6 A. M. to 6:30 P. M., with time for meals. Perhaps half are young women. We were shown the entire process from the puddling of the kaolin through the shaping and wheelwork and the baking, glazing and painting. The shops are large and airy, and there is an American air of briskness not usually visible in the crafts work of Japan.

A large part of their business is of the smaller order of things for the cheaper grades of porcelain. One order amused me, namely 1,400 cases of cups and saucers for 700 "ten cent stores" in the United States. Each case contains 300. So that these enterprising merchants of Uncle Sam account for 420,000 cups and saucers from Nagoya every year. What a mighty flood of gossip over the ten cent tea cups this fact prefigures! They have a large trade with England also in like ware and compete successfully with Germany.

Modern English shaping machinery is used on a great scale. In the painting department I saw one hundred men, youths and girls painting by hand for the firm. Designs are furnished by special artists. These are outlined in black on paper for them and the patterns are applied over the plaque, plate, cup or vase, wetted and taken off leaving the design outlined on the object. The color artist then paints on the design in colors, sometimes varying it a little. Some of the plaques were excellent.

We also saw the hollow casting in dry plaster moulds. A fluid mixture of kaolin and water is poured into the dry mould, which absorbs the water and attracts the kaolin, which settles in a thin flake on the mould. The water is poured off, and mould and all put in the oven and baked.

There is a large dining hall for the workers. The Satsuma ware is in another class.

It becomes obvious to the observer that in all businesses where the raw material is freely obtainable and the climatic and other conditions are favorable Japan will more and more tend to larger units of manufacture. It is demanded alike by the energy and ambition of Japan. The great advance by Germany as wholesale manufacturer and exporter since 1870 is pointed to as Japan's exemplar.

It is notable that the importance of the Asiatic continent as a trading ground for Japan has grown in the last few years. In 1882 Europe stood at the head, with Asia and America following. In 1899 it was found that these conditions had been reversed, and Asia came first in exports, followed by America and Europe, while in imports Asia was also first, but Europe preceded America. The Asiatic lead has been strengthened of late years in China and British India as well.

Another notable thing is the cleverness and push of Japanese trading agents in these countries, where they clash continually with the German traders, who have literally swarmed all over Asia. The hold of England in these markets is very strong and comparatively ancient, hence a rather haughty indifference to the newcomers, including a few Americans, who have been looking somewhat into the old fields once exclusively supplied by Great Britain. France's share has not varied much; her wares are so much her very own.

Japan's push for this Asiatic trade naturally competes with American goods—cotton cloths particularly—among the rest, but American capital can take its share and welcome, as it was explained to me, by combining with the Japanese corporations. They have great advantages in the low wages of Asia—while they remain low. It is not of course to be assumed that mere lowness of wage is all: efficiency counts for a great deal. What strikes me however, in the matter of investments is that they are safest when made by those who best know the conditions of the business looking for capital. I mean that the people to whom the cotton propositions, steel propositions, electric or machinery propositions should first commend themselves are the men of like industries in America.

Many of these invitations are distinctly worth while. In a talk with Viscount Mishima, Governor of the Bank of Japan, in my interview with Count Okuma, the Premier, and in talks with Baron Shibesawa, at once perhaps the richest trader and most enterprising man in Japan, with Mr. Hayokawa, director of the Mitsui Bank, I detected one note, namely, that American investments in well grounded Japanese enterprises would work as potent factors as the much to be desired good understanding between the two countries. They invest upon the idea of community of interests from many viewpoints, but always with the idea of consolidating international friendship. Not one of them pointed out any special interest to recommend to my countrymen for investment, but Mr. Hayokawa pointed to several cases in which satisfaction and mutual benefit had followed the investment of American and English brains and money into Japanese concerns.

One was the entrance of Armstrong & Vickers into the Muroran steel con-

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